



# Metropolitan Mayors Caucus

Richard M. Daley  
Mayor, City of Chicago  
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Mayor, Village of Roselle  
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July 12, 2007

The Honorable Jennifer J. Johnson  
Secretary  
Board of Governors of the Federal Reserve System  
20<sup>th</sup> Street and Constitution Avenue, NW  
Washington, DC 20551

**RE: Docket No. OP-1288**

Dear Secretary Johnson:

As Mayors representing the 272 communities in the Chicago metropolitan region, we are writing in response to the Federal Reserve Board's request for comment on whether the Board should consider new rules to address concerns about abusive lending practices in the home mortgage market.

The entire nation, including our region, has experienced an increase in mortgage foreclosures. As local leaders, we are concerned about the impact of this trend on our residents and our communities. Mortgage foreclosure can have a devastating impact on individuals and families, and can lead to family displacement, vacant buildings, loss of property values, and the decline of entire neighborhoods. Moreover, a single foreclosure can cost a local government up to \$34,000 for inspections, court actions, public safety efforts, demolition, and other activities.

As Mayors, we are working to implement and enhance local initiatives to help our residents prevent foreclosure. But more assistance is needed, especially with regard to protecting against abusive lending practices.

We agree with the Board that it remains important to encourage responsible lenders to provide credit to a wide range of borrowers, including subprime borrowers. However, it is clear that in recent years, some lenders have not acted responsibly. For example, some lenders have extended certain types of loans or engaged in lending practices without providing clear and full disclosure to borrowers, even when those lenders should have known that foreclosure would be a likely outcome. The Board should focus on these types of institutions and activities as it considers new rules. Strengthening standards and disclosure requirements for lenders should be priorities.

Finally, we want to point out that many state and local governments have passed lending laws to protect consumers from abusive and predatory lending practices. Any action by the Board should not preempt or undermine the effectiveness of these laws. Thank you for your consideration.

Sincerely,

Richard M. Daley  
Mayor, City of Chicago  
Founding Chairman

Gayle A. Smolinski  
Mayor, Village of Roselle  
Executive Board Chair

City of Chicago · DuPage Mayors and Managers Conference · Lake County Municipal League · McHenry County Council of Governments  
Metro West Council of Governments · Northwest Municipal Conference · South Suburban Mayors and Managers Association  
Southwest Conference of Mayors · West Central Municipal Conference · Will County Governmental League

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